



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

September 30, 1996

IN REPLY REFER TO:

SF-077652(WC)
3162.3-2 (07400)

Peggy Bradfield
Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Dear Ms Bradfield:

We have reviewed your application to commingle production downhole from the Blanco Mesaverde and the Basin Dakota pools in the following well: No. 7 East, 790' FNL 790' FWL Sec. 14, T.31N., R.12W.. The dedicated spacing for this well contains portions of Federal lease SF-077652.

Your application indicates that you intend to complete the Mesaverde formation in an existing Dakota well and commingle production downhole. Your Application did not include your proposed method to allocate production from each formation. Since the Mesaverde formation will be a new completion, there will be "flush" production. To accurately allocate production, you must extrapolate Dakota production based on the established decline rate, then allocate the remainder of each months production to the Mesaverde formation. You may convert this allocation method to fixed percentages when both formations have established similar decline rates. Your application to commingle is hereby approved contingent upon using the allocation method described above. The effective date of this approval will be the date that actual commingling of the production occurs.

If you have any questions regarding this correspondence, please direct them to Ray Hager at (970) 454-1173 or Duane Spencer at (505) 599-6350

Sincerely,

/s/ Duane W. Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:

New Mexico Oil Conservation Division, Santa Fe ✓

New Mexico Oil Conservation Division, Aztec

Well file SF-077652 (East #7 790' FNL 790' FWL Section 14, T-31N, R-12W) W/Application

AIRS

DOM Reader

07400:RHager:09/26/96: (970) 454-1173: east2